

# SIX WAYS TO MANAGE THE POTATO & ONION CATEGORY

Capitalize on today's many SKUs of potatoes and onions by offering shoppers a buffet of choices.

BY CAROL M. BAREUTHER, RD

Potatoes and onions are the peanut butter and jelly of the produce department. If you find one, you'll likely find the other in the same dish. Case in point, a quick search of the Food Network's website shows 2,762 recipes with both veggies as ingredients. The appeal is that potatoes and onions are versatile ingredients, value buys, are long shelf-life veggies, and are available year-round.

"The Midwest is still a very strong comfort food area and potatoes, and onions are at the top of that list," says Mark Hendricks, Sr., produce director at the Rogersville, MO-headquartered Pyramid Foods, a nearly 50-store retailer whose banners include Price Cutter, Save-A-Lot, and Country Mart.

Like all the variants of peanut butter and jelly, it's not just russets and yellow onions that are staples on the plate either roasted or pan-fried. The first recipe on the Food Network recipe search is a thin-sliced Potatoes & Onion dish that calls for round white potatoes and sweet onions.

One reason is the varietal growth in both categories. Secondly, the pandemic has driven consumers to cook more at home. Nearly three-fourths (71 percent) of consumers surveyed say they will continue home cooking after the pandemic ends, spurred by their creativity and confidence in the kitchen, according to the January 2021-released report, *Hunter Food Study Special Report Wave Two: America Keeps on Cooking*, by New York, NY-based consumer marketing communications firm, Hunter.

"Potatoes and onions still go hand in hand, especially during the fall and winter months. Our customers are well educated and are foodies who love to cook great meals at home using these ingredients," says John Savidan, senior director of produce and floral for Gelson's Markets, a 27-store chain headquartered in Encino, CA.

This evolution means it's time to refresh the marketing and merchandising of potatoes and onions to maximize sales.



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## 1. STOCK THE STAPLES

Russet potatoes still rule in the potato category, according to Ross Johnson, director of category management for the Idaho Potato Commission (IPC), in Eagle, ID. "Russets command over 50% of category dollars and over 65% of volume."

Russet Norkotah and Russet Silverton varieties are the most popular grown in Wisconsin, says Christine Lindner, marketing manager for Alsum Farms & Produce, in Friesland, WI. "As part of our mission to continuously improve, we work closely with the University of Wisconsin to test and identify new potato varieties that grow a quality fresh market potato, yield well, and are desirable by the consumer."

In the Northeast, the Bushwick Commission has been growing its market share of the Caribou russet. "The Caribou Russet was first announced in 2015 as a joint project between the University of Maine and the Maine Potato Board. First brought to market commercially in 2016 this new variety is known for its versatility as a go-to baker, masher, or griller perfect for consumers," says Ken Gray, executive vice president of the Farmingdale, NY-based company.

Some 87% of onions grown in the U.S. are yellow, with 8% red and 5% white onion, according to the Eaton, CO-based National Onion Association.

"We are a strong Russet and sweet onion

market," says Pyramid Foods' Hendricks. "The city area stores sell more bulk than bags (5- to 10-pound). The rural stores sell larger size bags, 10- and 15-pound and some areas are still doing well with a 50-pound bag or carton sale. As far as onions go, we offer all colors and flavors in conventional and organic and chase the sweet onions all over the world as each region finishes up. Vidalia's are still king around here, but Texas 1015, Washington Walla Walla's, Nevada Sweetie Sweets, and their brothers and sisters from South America are always popular."

## 2. SELL A BUFFET OF CHOICE

Capitalize on today's many SKU's of potatoes and onions by offering shoppers a buffet of choices. Research confirms that top-performing retailers do offer greater variety, according to Kayla Dome, global marketing manager for retail, at Denver, CO-headquartered Potatoes USA, quoting the December 2021 released *Potato Merchandising Best Practices* study by Chicago, IL-headquartered market research firm, IRI. "It's a great way to grow overall category sales."

For instance, while russets and reds were the two top-selling potatoes from July 2020 to June 2021, based on Potatoes USA data, both saw declines in fresh sales albeit by low single digits. However, yellow potatoes increased by 9.7 percent in dollars and 7.0 percent in volume.

"The best-selling items are our Baby Dutch

Yellow and yellow potatoes and all of the baby and pee wee varieties,” says Gelson’s Markets’ Savidan.

Pyramid Foods’ Hendricks says the retailer partners with Melissa’s World Variety Produce and received nice sales from the supplier’s Dutch Yellow and fingerling specialty potatoes during promotional times and even as everyday items. “We offer most SKU’s in both Conventional and Organic in our larger stores,” says Hendricks.

“The fastest growing and most commonly seen specialty potatoes are the petite red and petite yellow potatoes,” says Kevin Stanger, pres-

ident of the Wada Farms Marketing Group, LLC, in Idaho Falls, ID. “They can be packaged in different ways, but this potato size, ‘C’ size, in both red and yellow varieties, has taken off.”

Choosing what to offer can depend on the time of year, usage, and even the region in which a retailer is located.

“It’s important to not take a one-size-fits-all approach to varieties, but make sure to carry an adequate assortment for the style of store and region,” says Bushwick’s Gray. “The same ideology can be applied to onions, which often are purchased based on the type of use and even season with sweet onions being

more popular in the spring and summer and a yellow onion being more popular in the fall and winter months.”

“All of our onions do well, but it’s the really sweet varieties that knock it out of the park. We cannot keep the Sunions in stock when they are available, just a great versatile onion,” says Gelson’s Markets’ Savidan.

The smaller specialty onions like Boiler and Pearl are still popular at the holidays but Cippolini and Shallots are showing nice gains, adds Pyramid Foods’ Hendricks. “Even though shallots are a cross with garlic, many customers see the value in having that flavor profile in their dishes.”

### 3. PACK 'EM OUT

“The demand for packaged produce has skyrocketed since COVID, as consumers prefer bagged over bulk in these times to alleviate others from directly touching their produce,” says Alsum Farms’ Lindner. “Additionally attractive packaging that highlights the benefits of the product is an added marketing tool. Our packaging is farmer-focused to connect the consumer with the grower and offers appetizing potato recipes to inspire consumers in the produce aisles.”

Potatoes are more commonly sold in bags with the 5-pound Russet being the most common and only about 6 percent of total sales being sold in bulk, says Wada Farms Stanger. “Onions on the other hand are about split down the middle between bagged and bulk. We have seen a shift over the past few years in onions to more bagged onions being sold, especially with organic and proprietary sweet onions becoming more popular. It is very difficult to delineate between these higher-priced items when everything is presented in bulk displays.”

The big shift seen in both potatoes and onions is that towards smaller packaging – the move from the 5-pound to the 3-pound bag, adds Bushwick’s Gray. “Consumers aren’t eating the same quantities of products; they are sensitive to food waste, and they have smaller households.”

Michael Gatz, director of business development for Bushmans’ Inc., in Rosholt, WI agrees and adds, “a 3-pound size for yellow onions is and has been the standard. But we are seeing more demand for a 3-pound russet bag. I think moving forward we’ll see much more, even a majority in this size, as 5-pound bags are today.”

### 4. CREATE PEANUT BUTTER & JELLY-STYLE DISPLAYS

Like peanut butter merchandised next to jelly on the grocery shelf, so are potatoes and onions in the produce department.



"The two categories have traditionally been displayed next to each other, so the consumer expects them to be. In the minds of consumers, they are similar in use. Most retailers will have one buyer/merchandiser work in both categories. There may be a chance that if onions were displayed on a separate shelf than the potatoes, or vice versa, then some consumers may assume that the other category is out of stock or not carried. As far as I know, this has never been tested to see if either or both categories decline if they are not next to or close-by each on the shelf," says Wada Farms' Stanger.

At Pyramid Foods, potatoes and onions are generally displayed either on side-to-side or back-to-back tables, says Hendricks. "There has been some discussion about whether the potatoes are affected by the onions, but we do not generally see any effect of combining the two in an open-air situation like the produce department. We usually include onions sold in totes with both baking and bagged potatoes as a quick grab-and-go for our customers."

"Having a fresh, well uniformed, and merchandised potato and onion category with point-of-sale (POS) recipe ideas and educational signage on storage and preparation of fresh potatoes is key to increasing sales of potatoes at retail. Well-lit, eye-catching market-like potato displays with bushel-type baskets are visually attractive to consumers," according to Alsum Farms' Lindner.

## 5. PROVIDE RECIPE IDEAS

Cross-merchandising with recipe or usage ideas is a good way to sell more potatoes and onions, says Wada Farms' Stanger. "While we do not have specific statistics to quote, any time there is a cross-promotion between two items that are frequently purchased together we see a lift in both items."

"For the holidays, although this isn't a new strategy it's a good one, we build really large bountiful displays where we like to tie all of these items together, making it a very convenient one-stop-shop for our customers," says Gelson's Markets' Savidan.

Cross-merchandising potatoes and onions in the meat case can lift sales outside of the produce department, says Alsum's Lindner. "Consumers will look to meat and potatoes as a natural meal solution and are more likely to purchase potatoes if they see ready-to-bake or grill potatoes paired next to steaks, pork chops, or chicken in the meat aisle. It's a win-win for the retailer."

Consumers also report that they want to see potatoes and onions merchandised in more locations like the deli department, meat department, and even the bread aisle, according to Bushwick's Gray.

"Recipes are always a bonus to help sell more of these two veggies, says Wada Farms' Stanger. "Historically recipes in-store or on the packaging was a great way to get ideas out to the consumers. However, with the tech world we live in that's changing more to online resources."

One way to entice click-and-collect shoppers is to promote, for example, 5-pound russets as '5 Pounds, 5 Ways', suggests Kathleen Triou, president and chief executive officer of Fresh Solutions Network, LLC, based in San Francisco, CA. "When customers buy a 5-pound bag of russets, there can be a pop-up screen online that links to five recipes or usage ideas. This moves potatoes from being a single product to something that provides meal solutions for nearly a week."

If retailers carefully watch what is happening on Social Media platforms like Instagram and Tik Tok, they will no doubt get a feel for the latest and greatest in terms of recipe favorites and restaurant hacks for onion and potatoes, recommends Marc Bybee, chairman of the Parma, ID-based Idaho-E. Oregon Onion (IEO) Committee's Promotion Committee. "It's not just the younger generations who are looking to these social outlets for the latest and greatest recipes. Kids are getting their parents and yes, grandparents tuned into new and improved recipes. We have noticed successful retailers that make the most of their websites by posting recipes there and utilizing shared recipes on their social channels do well with sales. When it's hard to make your store look nice and uncluttered with POS, use technology."

## 6. PROMOTE THE PRICE

The pandemic caused potato and onion sales to skyrocket. As a result, growers say these two veggies don't require deep discounts to move the needle on category sales. Instead, make sure price signs are clearly visible on staples such as russets.

"Seventy-six percent of top-performing retailers who saw sales increases when they called out price did not discount their russets," says Potatoes USA's Dome, referring to the *2021 Potato Merchandising Best Practices* study by IRI. "Consumers recognize the pricing of russets, but usually not other types of potatoes. So, make sure the russet price is visible, especially if on ad, and display other varieties of potatoes right next to and around the russets."

Pyramid Foods and many other retailers promote potatoes annually in February as part of the IPC's Idaho Potato Lover's Display Contest. In 2022, the IPC will include Litehouse Foods as a partner.

"It's a nice partnership since we're both based in Idaho, and potatoes and onions naturally go together," says the IPC's Johnson. **pb**